

**ANNUAL REPORT**  
**of**  
**THE SASKATCHEWAN GOVERNMENT**  
**PRINTING COMPANY**  
**of the**  
**PROVINCE OF SASKATCHEWAN**  
**for the**  
**Year Ended December 31, 1989**

Regina, Saskatchewan  
April, 1990

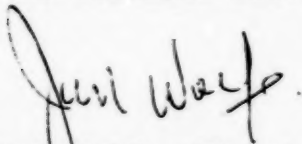
To Her Honour  
The Honourable Sylvia O. Fedoruk, O.C., S.O.M.  
Lieutenant Governor of the  
Province of Saskatchewan

Madam:

I have the honour to submit herewith the annual report of The Saskatchewan Government Printing Company for the year ended December 31, 1989 including the financial statements therefore, duly certified by the Company's Auditors and in the form approved by the Treasury Board, all in accordance with The Crown Corporations Act, 1978.

I have the honour to be, Madam,

Your obedient servant.

A handwritten signature in dark ink, appearing to read "Jack Wolfe". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

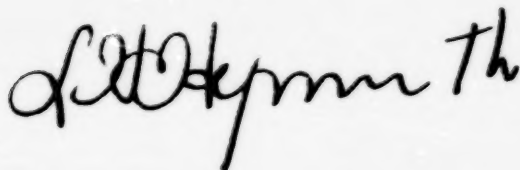
Jack Wolfe, Minister responsible for  
The Saskatchewan Government Printing Company

## CHAIRMAN'S REMARKS

This is the forty-fourth annual report of The Saskatchewan Government Printing Company and covers the period for the year ending December 31, 1989.

The Saskatchewan Government Printing Company was established under The Crown Corporations Act of 1945 to operate a general job printing and book binding business.

In March of the past year, the Company's assets were sold to Printco Graphics Inc., under Order-in-Council 214/89. The status of The Saskatchewan Government Printing Company changed from a commercial printer to that of a holding company.

A handwritten signature in black ink, appearing to read "Lorne H. Hepworth". The signature is written in a cursive, flowing style with a large initial "L" and "H".

Lorne H. Hepworth, Chairman  
The Saskatchewan Government Printing Company

**AUDITORS' REPORT**

To the Members of the Legislative Assembly  
of Saskatchewan

We have examined the statement of financial position of The Saskatchewan Government Printing Company as at December 31, 1989 and the statements of operations and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly, included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

REGINA, Saskatchewan  
April 10, 1990

Mintz & Wallace

*Mintz & Wallace*  
Chartered Accountants

Statement 1

**THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY  
STATEMENT OF FINANCIAL POSITION**

As at December 31

|                                           | <u>1989</u>       | <u>1988</u>        |
|-------------------------------------------|-------------------|--------------------|
| <b>Assets</b>                             |                   |                    |
| Current Assets:                           |                   |                    |
| Cash - restricted (note 3)                | \$ 53,214         | \$ -               |
| Cash - unrestricted                       | 58,984            | 335,503            |
| Accounts receivable                       | 13,867            | 503,789            |
| Note receivable (note 4)                  | 101,500           | -                  |
| Inventory                                 | <u>-</u>          | <u>322,935</u>     |
|                                           | 227,565           | 1,162,227          |
| Note receivable (note 4)                  | 446,600           | -                  |
| Property, plant & equipment (note 5)      | <u>-</u>          | <u>947,925</u>     |
|                                           | <u>\$ 674,165</u> | <u>\$2,110,152</u> |
| <b>Liabilities and Province's Deficit</b> |                   |                    |
| Current Liability:                        |                   |                    |
| Accounts payable                          | \$ 2,288          | \$ 186,194         |
| Note payable (note 6)                     | <u>1,061,539</u>  | <u>2,100,000</u>   |
|                                           | 1,063,827         | 2,286,194          |
| Province of Saskatchewan's Deficit:       |                   |                    |
| - Statement 2                             | <u>(389,662)</u>  | <u>(176,042)</u>   |
|                                           | <u>\$ 674,165</u> | <u>\$2,110,152</u> |

**THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY  
STATEMENT OF OPERATIONS AND DEFICIT**

|                                             | <u>1989</u>         | <u>1988</u>         |
|---------------------------------------------|---------------------|---------------------|
| <b>Revenue:</b>                             |                     |                     |
| Sale of printing services                   | \$ 205,872          | \$1,996,393         |
| Interest                                    | <u>33,851</u>       | <u>60,057</u>       |
|                                             | <u>239,723</u>      | <u>2,056,450</u>    |
| <b>Expenses:</b>                            |                     |                     |
| Operating costs                             | 312,782             | 1,142,658           |
| General and administration                  | 188,867             | 632,909             |
| Depreciation                                | 12,940              | 76,559              |
| Interest                                    | 174,540             | 194,616             |
| Unusual item - early retirement<br>benefits | <u>-</u>            | <u>203,155</u>      |
|                                             | <u>\$ 689,129</u>   | <u>\$2,249,897</u>  |
| Loss before extraordinary item              | (449,406)           | (193,447)           |
| Extraordinary item (note 5)                 | <u>235,786</u>      | <u>-</u>            |
| Net loss for the year                       | (213,620)           | (193,447)           |
| (Deficit) Equity - beginning of year        | <u>(176,042)</u>    | <u>17,405</u>       |
| Deficit - end of year                       | <u>\$ (389,662)</u> | <u>\$ (176,042)</u> |

## Statement 3

**THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY**  
**STATEMENT OF CHANGES IN FINANCIAL POSITION**

**Year Ended December 31**

|                                                        | <u>1989</u>        | <u>1988</u>        |
|--------------------------------------------------------|--------------------|--------------------|
| <b>Operating Activities:</b>                           |                    |                    |
| Loss before extraordinary item                         | \$ (449,406)       | \$ (193,447)       |
| Non-cash items                                         |                    |                    |
| - depreciation                                         | 12,940             | 76,559             |
| - gain on sale of equipment                            | <u>-</u>           | <u>(1,406)</u>     |
|                                                        | (436,466)          | (118,294)          |
| Net change in non-cash<br>working capital              | <u>628,950</u>     | <u>(23,951)</u>    |
| Net cash inflow (outflow) from<br>operating activities | <u>192,484</u>     | <u>(142,245)</u>   |
| <b>Financing Activities:</b>                           |                    |                    |
| Proceeds of long-term debt                             | 91,539             | 8,400,000          |
| Repayment of long-term debt                            | <u>(1,130,000)</u> | <u>(8,400,000)</u> |
| Net cash (outflow) from<br>financing activities        | <u>(1,038,461)</u> | <u>-</u>           |
| <b>Investing Activities:</b>                           |                    |                    |
| Increase in restricted cash                            | (53,214)           | -                  |
| Acquisition of fixed assets                            | (201,333)          | (100,708)          |
| Proceeds from disposal of<br>fixed assets              | 1,372,105          | 1,406              |
| Increase in non-interest bearing<br>note receivable    | (101,500)          | -                  |
| Increase in note receivable                            | <u>(446,600)</u>   | <u>-</u>           |
| Net cash inflow(outflow) from<br>investing activities  | \$ <u>569,458</u>  | \$ <u>(99,302)</u> |
| Decrease in cash                                       | (276,519)          | (241,547)          |
| Cash, beginning of year                                | <u>335,503</u>     | <u>577,050</u>     |
| Cash, end of year                                      | \$ <u>58,984</u>   | \$ <u>335,503</u>  |

**THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY  
NOTES TO FINANCIAL STATEMENTS**

December 31, 1989

**1. Significant Accounting Policies**

These financial statements are prepared in accordance with generally accepted accounting principles and include the following policies:

i) Property, plant and equipment

Fixed assets are initially recorded at cost. Normal maintenance and repair expenditures are expenses as incurred.

Depreciation is provided on the straight-line basis at the rates set out below. It is expected that these rates will charge operations with the total cost of the assets over the estimated useful lives. Gains or losses on disposal of individual assets are recognized in income in the year of disposal.

| Assets                         | Rates  |
|--------------------------------|--------|
| Building                       | 2 1/2% |
| Equipment                      | 10%    |
| Photocomposition equipment     | 20%    |
| Office, furniture and fixtures | 5%     |
| Computer equipment             | 20%    |

ii) Revenue Recognition

Revenue is recognized at the completion of the work order.

**2. Status of Company**

The Saskatchewan Government Printing Company was established by Order-in-Council 859/45 and continued under the provisions of The Crown Corporations Act, 1978.

The status of the Saskatchewan Government Printing Company changed to a holding company by Order-in-Council 214/89 as at March 22, 1989.

**3. Contingency**

In accordance with the sale agreement a trust in the amount of \$50,000 plus accrued interest is available to Printco Graphics Inc. for the purpose of redeeming its shares. The agreement terminates March 1, 1994.

**THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 1989

**4. Note Receivable**

The following amounts are due from Printco Graphics Inc. as at December 31, 1989:

|                                                                  |            |
|------------------------------------------------------------------|------------|
| Demand note receivable which bears no interest and is unsecured. | \$ 101,500 |
|------------------------------------------------------------------|------------|

|                                                                                                                                                                                                                                                                                   |            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Term note receivable in monthly installments of \$9,441 including interest of 10% per annum. Interest does not accrue until March 1, 1991 and repayment commences on April 1, 1991. A second charge on property, plant and equipment is held as security for the note receivable. | \$ 446,600 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|

**5. Extraordinary Item**

As at March 1, 1989 the Company ceased active operation. All of the Company's property, plant, equipment and inventories as at this date were sold to Printco Graphics Inc. for proceeds of \$1,568,523.

Proceeds are allocated as follows:

|              |             |
|--------------|-------------|
| Fixed assets | \$1,372,105 |
| Inventory    | \$ 196,418  |

**6. Note Payable**

Loan payable to the Department of Finance, renewable quarterly and bearing interest at current rates. At December 31, 1989 the interest rate on this note payable maturing March 31, 1990 was 12 1/4%. No security has been provided.

**7. Related Party Transactions**

These financial statements include income and expense arising from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the company is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms.

Other amounts due to related parties and the terms of settlement are described separately in the financial statements and notes thereto.